

D.T.E. 03-93

Petition of Massachusetts Electric Company, pursuant to G.L. c. 164, § 94, for approval of two special contracts for the construction of distribution facilities to provide service in Royalston, Massachusetts.

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FOR: MASSACHUSETTS ELECTRIC COMPANY
Petitioner

I. INTRODUCTION

On August 19, 2003, Massachusetts Electric Company (“MECo” or “Company”) filed a petition with the Department of Telecommunications and Energy (“Department”), pursuant to G.L. c. 164, § 94, for approval of two special contracts for the construction of distribution facilities to provide service in Royalston, Massachusetts. The Company executed letter agreements with William Chapman and Bruce Chapman (“Chapmans”), a father and son currently in the process of building two single-family homes in Royalston, subject to Department approvals, to establish an arrangement to enable MECo to provide retail delivery service to the Chapmans at less expense than they would incur pursuant to the Company’s tariff regarding the terms and conditions for distribution service, M.D.T.E. No. 997 (“Terms and Conditions”). The Department docketed the filing as D.T.E. 03-93.

Pursuant to notice duly issued, the Department conducted public and evidentiary hearings on November 4, 2003. In support of its petition, MECo offered the testimony of Rita A. Moran, vice president of business services for the Company. The record includes four exhibits and the Company’s response to one record request.

II. DESCRIPTION OF THE FILING

The Chapmans are in the process of building two single-family homes in Royalston, which, although in MECo’s service territory, are in an area of Royalston where the Company has no distribution facilities (Exh. MECo-1, at 2; Tr. at 17). The Chapmans have requested that MECo extend its existing distribution system to provide standard residential distribution service for the homes (Exh. MECo-1, at 2-3). The Company determined that, in order to provide electric service to the Chapmans, it would be necessary to construct approximately

6,200 feet of primary overhead construction from its nearest existing pole in Royalston, at a total cost of approximately \$80,000 (Exh. MECo-1, at 4; Tr. at 17). Under the Company's line extension policy for individual residential customers, William Chapman would be assessed approximately \$36,000 of the construction cost, while Bruce Chapman would be assessed approximately \$40,000, with a total charge to Chapmans of approximately \$76,000 (Exh. MECo-1, at 4, citing Terms and Conditions, App. B).¹

Because the extension was cost-prohibitive to the Chapmans, the Company sought to find an alternative means of providing the Chapmans with electric service (Tr. at 17). The Chapmans' new homes are located near the New Hampshire border, in close proximity to the facilities of Public Service Company of New Hampshire ("PSNH") in Fitzwilliam, New Hampshire (Exh. MECo-1, at 3). MECo entered into an agreement with PSNH, whereby PSNH has agreed to construct 1,220 feet of 2,400 volt overhead line from its nearest pole in Fitzwilliam to the Massachusetts border, at a total cost of \$17,040 (Exhs. MECo-1, at 4; DTE-1). From the Massachusetts border, MECo intends to extend the overhead line south for another 175 feet to serve Bruce Chapman, and an additional 500 feet thereafter to serve William Chapman (Exhs. MECo-1, at 4; DTE-1; Tr. at 14-15). Pursuant to the Terms and Conditions, Bruce Chapman will not be charged for his 175 feet of the Massachusetts portion of the extension, while William Chapman will be charged \$4,511.50 for the additional 500 feet that is necessary to serve him (Exh. MECo-1, at 4; Tr. at 20). Therefore, the total cost of this alternative route to the Chapmans' homes is \$21,551.50, which MECo represents is

¹ The remaining \$4,000 would be absorbed by the Company, as provided for in the Terms and Conditions (Exh. MECo-1, at 3).

significantly less than the \$80,000 that would be required to extend MECo's distribution lines using Company-only facilities (Exh. MECo-1, at 4; Tr. at 17).

Because the alternative line route requires different payment arrangements than those provided for in the Company's existing Terms and Conditions, MECo has entered into special contracts with the Chapmans (Exh. MECo-1, Atts. RAM-1, RAM-2). Under these contracts, the Chapmans have agreed to pay the Massachusetts portion of the extension as provided for in the Company's Terms and Conditions, and have agreed to divide the \$17,040 in costs associated with the New Hampshire portion of the expenses equally among themselves (Exh. MECo-1, at 4-5, Atts. RAM-1, RAM-2). Therefore, the total cost to William Chapman will be \$13,031.50 and the total cost to Bruce Chapman will be \$8,520 (Exh. MECo-1, at 4). The Chapmans have paid the full balance associated with the PSNH portion of the extension, and William Chapman has elected to pay his remaining balance to the Company under an installment plan (Exh. MECo-1, at 6; Tr. at 12).

III. ANALYSIS AND FINDINGS

In accordance with G.L. c. 164, § 1B, an incumbent distribution utility company has an exclusive obligation to provide electric service to all customers within its franchise territory. From time to time, situations arise where it may be economically infeasible to provide service to an individual customer without first making special contractual arrangements. Petition of Dr. Adelard O. Demers, D.P.U. 11016 (1954). Such arrangements must be filed with the Department for review, and following a public hearing, must be found to be in the public interest. G.L. c. 164, § 94. In determining public interest, the Department has, in the past, refused to order extensions of service to new or existing customers where such extensions

would cause a detriment to existing customers. See, e.g., Petition of Riverdale Mills Corporation, D.P.U. 85-130 (1985); Petition of Town Crest Homes, Inc., D.P.U. 12887 (1959); Petition of Rufus P. Turner, D.P.U. 6163 (1940). Further, the Department has long held that a company's customers cannot fairly be asked to finance, without limitation, the costs associated with an extension of facilities which is made solely for one customer's benefit. Cooney v. Southern Berkshire Power & Electric Company, D.P.U. 7968 (1947); Petition of Frank B. Hopewell, D.P.U. 254 (1920). The Department's policy of refusing to order changes in quantity or quality of service where such changes would interfere with service to others is reasonable because it recognizes the utility's obligation to furnish adequate, reliable service to all its customers. D.P.U. 85-130, at 10.

MECo has been providing electric service in Royalston since August 4, 1928 (DTE-RR-1). As the incumbent utility in Royalston, MECo has an exclusive obligation to provide service to all customers within the community. G.L. c. 164, § 1B. Notwithstanding this obligation, MECo alleges that it is economically infeasible to provide service to the Chapmans without special contractual arrangements. MECo has been requested to provide service to two homes under construction that are not located near the Company's existing distribution system and, therefore, would require a significant line extension to be built. Although the Company's Terms and Conditions make provisions for this type of situation, MECo determined that the Chapmans would be required to pay approximately \$76,000 for a line extension of approximately 6,200 feet (Exh. MECo-1, at 3). Further hindering MECo's efforts to provide service to the Chapmans, there is a wooden bridge on the road to the property with a maximum weight limit of three tons (Tr. at 18). As this maximum tonnage is

less than the weight of MECo's vehicles, traversing that route to provide service to the Chapmans is currently impracticable, and would require rerouting through New Hampshire (id. at 18, 23-24). As an alternative, the Company has arranged with both the Chapmans and PSNH for the construction of a distribution line running south from PSNH's facilities to the Massachusetts border, to be paid for by the Chapmans. As a result of this arrangement, the Chapmans will receive service at a lower overall cost than would be required if the Company were to extend its lines in Royalston northward to connect with the Chapmans (Exh. MECo-1, at 3-4; MECo-2; MECo-3).

Moreover, because the Chapmans are paying for the entire cost of the New Hampshire portion of the line and their appropriate share of the Massachusetts portion of the line in accordance with MECo's Terms and Conditions, the Company's existing customers will not be forced to subsidize the extension to the Chapman properties. The Department finds that the proposed special contracts are in the public interest as they provide the Chapmans with access to electric service on a reasonable basis consistent with the Company's standard line extension policy, while not requiring MECo's other customers to subsidize the extension of service to the Chapmans. Accordingly, after review and following a public hearing, the Department approves the special contracts as in the public interest. G.L. c. 164, § 94.

MECo has properly filed its petition under G.L. c. 164, § 94, as a special contract providing for terms of service by MECo that differ, for reasons of economic efficiency and customer convenience, from the Company's filed tariff's terms and conditions. MECo will continue to provide electric service on a MECo-owned distribution line to the Chapmans. The Chapmans, in turn, will be MECo customers of record, residing in Royalston, a town in

MECo's service territory, defined by the Department in accordance with G.L. c. 164, § 1B(a). Because the physical interconnection arrangements with PSNH occur at the Massachusetts-New Hampshire border, there is no question of any derogation of MECo's recognized service territory. Nor is there any question of failure on MECo's part to meet its § 1B(a) exclusive obligation to serve. There is no way that the Department's approval of this arrangement of convenience under § 94 may be construed as sanctioning PSNH or any other person to serve customers in the Town of Royalston. We note, therefore, that the "written consent" provision of G.L. c. 164, § 1B(a), is not implicated in this petition and, further, that today's Order represents no departure from Massachusetts Electric Company, D.T.E. 98-122 (2002) and Olin College, D.T.E. 01-95 (2002)

V. ORDER

Accordingly, after due notice, hearing, and consideration, it is

ORDERED: That, pursuant to G.L. c. 164, § 94, the Department approves and authorizes the special contract signed by Massachusetts Electric Company and Bruce Chapman, dated August 3, 2003, for the construction of distribution facilities to provide service in Royalston, Massachusetts; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94, the Department approves and authorizes the special contract signed by Massachusetts Electric Company and William Chapman, dated August 4, 2003, for the construction of distribution facilities to provide service in Royalston, Massachusetts; and it is

FURTHER ORDERED: That Massachusetts Electric Company shall comply with all directives contained in this Order.

By Order of the Department

Paul G. Afonso, Chairman

James Connelly, Commissioner

W. Robert Keating, Commissioner

Eugene J. Sullivan, Jr., Commissioner

Deirdre K. Manning, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).